

Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

Don't Get Caught Asleep Because the Fines are Steep RENEW ON TIME



It is that time of year again. The deadline to renew your license is **MARCH 31, 2004**. Escrowed licensees will receive a renewal notice at their home address. Principal brokers will receive a renewal notice at their business address. All active licensees renew through their brokers. Listed below are a few important reminders:

1. The cost to renew your license is \$50.00 for a sales associate and \$55.00 for a broker. Active licensees will also have to either purchase group errors and omissions insurance or show proof of outside coverage.
2. The Commission only accepts checks or money orders.
3. Renewals received after March 31, 2004 will be assessed a penalty of \$100.00. That penalty increases to \$200.00 after May 15, 2004. If licensees do not renew, they are considered unlicensed and should not practice real estate during that time.
4. Only one check is accepted from each company. However, branch offices should submit one check for each branch location.
5. The group errors and omissions insurance applies to active licensees only. The premium remained the same as last year at \$123.00, with applicable taxes and surcharge. The insurance agent is still Rice Insurance Services Company (RISC).
6. Licensees choosing to purchase outside errors and omissions insurance are required to submit a declaration page showing minimum coverage requirements.
7. Principal brokers are required to have a bank official sign the renewal form, verifying the company's escrow account. Only a bank official can sign the form.
8. Licensees who are also appraisers will again be able to purchase an endorsement through the group insurance carrier to the real estate policy to cover their appraisal activity as well. The cost for that coverage this year is \$200.00. That amount should be sent directly to our group insurance carrier, Rice Insurance Services Company (*see address below*).
9. Licensees wishing to purchase an endorsement to the group errors and omissions insurance policy should send the form and premium directly to the group insurance carrier, Rice Insurance Services Company (*see address below*).

GROUP ERRORS AND OMISSIONS INSURANCE COMPANY
RISC Rice Insurance Services Company, LLC
4211 Norbourne Boulevard, Louisville, KY 40207
502-897-1876 or 1-800-637-7319 TOLL FREE

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Kentucky Real Estate Commission

10200 Linn Station Road
Louisville, KY 40223
Phone: 502-425-4273
Toll Free: 1-888-373-3300
Fax: 502-426-2717
Web Site: www.krec.net

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Richmond

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Louisville

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Louisville

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Comments from the Chair

by: Bob Roberts,
Chairman



Serving as a Commissioner since 1989, I have reviewed and voted on many real estate complaints. Many of those cases could have been avoided, if a real property survey had been completed prior to the closing of the transaction.

A real property survey is a legal document that illustrates in detail the boundaries of the property as well as any buildings or visible public and private improvements relative to the property boundaries. It also shows whether or not the improvements are located within the boundaries and whether there are any visible encroachments on the property by neighboring buildings, *etc.*

All too often, buyers do not want to incur the extra expense of a survey. Many times, buyers are trying to save as much money as they can for their down payment and closing costs that they try to skip these very important steps of ensuring that their transaction will go smoothly.

I would also encourage buyers to get a survey as soon as possible so that they know **EXACTLY** what they are buying. By having the survey in advance, it can allow buyers and sellers to work out any problems that might have been detected in the survey prior to the closing date. The survey would allow buyers to know whether their new home is too close to the property line, or if part of their garage is on their neighbor's land.

Most of the time a survey is good for about ten years. However, if changes have been made to the property, it is a good idea to either have a new survey or update the existing survey. A survey is like a "snapshot" and if changes have been made, then the picture will not be accurate. Changes, such as new or modified fences, decks, driveways, garages or other features, can cause an existing survey to be inaccurate.

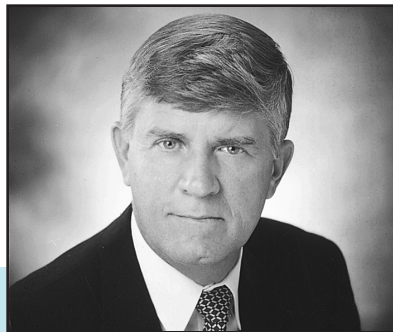
If you are the listing agent, you should always check to see if the sellers have an existing survey on file. If so, you can use that as a selling point to guarantee the boundaries of the property to be sold.

On average, it costs around \$400.00 to obtain a real property survey. Tell your buyers and sellers to look at it as an investment that could potentially save them thousands of dollars in legal fees down the line. It could also be the deciding factor in whether or not your buyers even want a particular piece of property.

As always, in addition to having a survey, the Commission encourages licensees to have their buyers obtain a home inspection and purchase owner's title insurance. Buying and selling a home is usually the largest financial investment a person makes in his or her lifetime and it is worth the extra effort to ensure that your client will be happy and satisfied with his or her purchase. These things will protect you and your clients as well.

From the Director's Desk

by: **Norman E. Brown,**
Executive Director



It is my pleasure to use this column to let you know about several exciting new things going on at the Commission.

RADIO ADVERTISEMENTS

First of all, many of you may have heard the radio advertisements that were produced and run by the Commission. The advertisements encourage sellers and buyers to use a real estate agent when buying or selling a home. The tag line is: "Get Real, use a licensed real estate agent."

The licensees who have heard the advertisements have given us very positive feedback, saying that they liked the content and quality of the advertisements. We would like to hear from you regarding the advertisements. For example, did you like the advertisements and the presentation? Would you like to see the Commission do more such advertisements in the future?

RENEWAL TIME

Secondly, as you know from our front-page article, the time for renewing your license is here. To make the renewal more efficient, we are in the process of implementing an online renewal process. We still need several volunteers to sign up to use the

online renewal system this year. If you are interested in renewing your company online, please contact me at 1-888-373-3300 or 502-425-4273 and I will give you all the details.

PROPOSED LEGISLATION

Finally, we are in the process of proposing a bill to the General Assembly with several license law changes. We have been working with the Kentucky Association of Realtors® to get this proposal ready and to present it to the legislature. The sponsor of our bill is licensee Charlie Borders from Russell, Kentucky.

If you would like to see a complete text of the changes, please feel free to log onto our website at www.krec.net and review the proposal online. Once our statutory packet is complete, we will of course be updating our regulations to comply with these new changes. Please let us know if you have any feedback on the proposals.

As always, we are here to serve the real estate licensees and the real estate consumers of this fine state. If you have ideas about how the Commission can better serve this industry, we are always open for suggestions.

FAXED COPIES

201 KAR 11:300 is the regulation regarding the use of facsimile (FAX) transmissions.

It states that licensees may transmit and receive documents via the FAX machine, but that a copy of the document shall be immediately mailed by regular mail and addressed to the person who received the FAX. The Commission has been informed that although the FAX machine is used often during a real estate transaction, licensees are not following through with mailing a copy of the FAX by regular mail if the agent or party makes that request. You must do this - it's the law!

Seller Disclosure Form

The Seller Disclosure form is required for single family residential dwellings only.

However, sellers of any type of property are required to disclose any known/latent defects with their property, no matter what type of property is being sold.

Court-Ordered foreclosures are exempt from the mandated use of the Seller Disclosure form. However, if a foreclosed property is listed through a licensee, that licensee is obligated to obtain a Seller's Disclosure form. If a third party entity, such as a bank, is involved, there is a waiver on the back of the form that they can sign stating that they refuse to complete the form.

Commissioner's Corner



Betty Kaiser



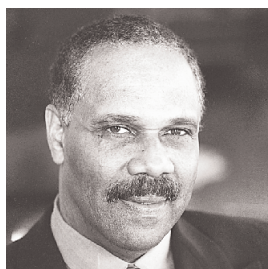
Arvel J. McMahan



Sue Teegarden



Bob Roberts



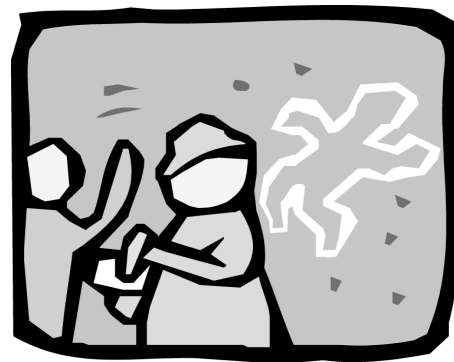
Ron Smith

NEW LAW

Disclosure of Stigmatized Property

There is a new statute regarding a licensee's duty to disclose defects about a property. KRS 324.162 states: "An agent licensed under this chapter representing a party in the sale, leasing, or exchange of real property shall have no affirmative duty to disclosure to any person who acquires, by voluntary or involuntary transfer, a legal or equitable interest in real property, including any leasehold or security interest for an obligation, information not required by this chapter or applicable federal law."

What does this mean? This means that real estate licensees do not have to disclose any stigmas associated with a property, such as a murder, a suicide or a violent crime that has occurred at the property. It also eliminates the licensee's need to disclose the existence of sex offenders in a particular neighborhood, as Megan's Law



does not require such disclosure by real estate licensees involved in a transaction.

The Commission also determined that licensees do not need to disclose other conditions about a property, such as a gas station going in next door. They determined that licensees only need to disclose defects regarding the physical aspects of the property.

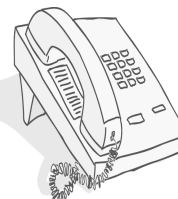
Remember that licensees still must answer any and all direct questions in an honest manner, including questions regarding stigmas and sex offenders.

INSPECTORS ARE BUYER'S CHOICE

The Commission has received several concerns lately from agents who represent buyers. The buyers in these cases have retained an inspector to inspect the home they intend to purchase but the seller or the seller's agent refuses to allow that particular inspector to perform the job. Unless a particular inspector has been specifically **denied** in the purchase contract, the seller and/or the seller's agent have no right to deny the buyer's inspector of choice.

NO-CALL LAW:

Kentucky's no-call list is governed by the Office of the Attorney General. Under this law, merchant to merchant calls are acceptable. However, the Attorney General's office does not consider a "For Sale By Owner" seller as a "merchant" under the statute. Therefore, an agent cannot contact a "For Sale By Owner" seller in order to prospect a listing. An agent may contact a "For Sale By Owner" only in the instance when he or she has a legitimate buyer prospect who wants to see that seller's home. During that conversation, though, the agent may not discuss payment of fees or commissions.



Safety Tips for Licensees

By: Shelly Cameron
Director of Administration

I regularly read real estate newsletters from around the country. Two states have published articles concerning a recent rash of attacks against real estate agents in Georgia. In November of 2003, two real estate agents were shot and killed while in a model home. The assailant was later found in Wisconsin and arrested. Also, in Georgia, a man was passing himself off as a home buyer and was robbing agents when they met him at a home. While we have not heard of any recent attacks against Kentucky licensees, the Commission is concerned for the safety of all agents and brokers in Kentucky.

Below is a list of safety tips that I have compiled that could possibly prevent an attack or maybe even save your life.

1. When meeting a new client or customer at a property, don't go alone. You should try and meet with new clients and customers at your office first in order to verify their identity and write down their license plate number. If that is not possible, never go alone to meet someone you do not know.
2. Let someone in your office, a friend or family member know where you are, who you are meeting and when to expect you back.
3. Don't wear expensive jewelry or carry large amounts of cash.
4. Always wear your cell phone and program "911" into your speed dial. You should also make sure your phone is fully charged at all times during appointments.
5. Dress appropriately and professionally and make sure you could run in your shoes if necessary. Your appearance should reflect self-assurance.
6. When showing property, try to have the client or customer walk ahead of you to avoid being attacked from behind. Avoid basements, attics and closets.
7. Have your keys in your possession at all times and park in an area where you cannot be blocked in.
8. Take a self-defense course and carry mace or pepper spray.
9. Avoid glamorous photos in marketing materials and try to avoid personal conversation.
10. Don't advertise that a listing is "vacant."
11. Keep doors unlocked to escape quickly.
12. Trust your instincts. If you think something does not seem right, most of the time it isn't.
13. Develop a "customer identification form" and have all new clients fill out and verify their driver's license number.
14. Let your office and co-workers know who to call in an emergency situation.
15. Always go in your own car on the first appointment. Don't ever get into a car with someone you don't know.



BROKER OWNS LISTINGS AND CONTRACTS:

A basic principle of real estate law is that the listings and purchase contracts belong to the principal broker. Even though the agent may in fact sign the agreement and may have most, if not all, of the contact with the clients, the contracts still belong to the broker. Therefore, if an agent is going to leave one company and go to another company, the principal broker must

agree to release and transfer the listings and purchase contracts to the new broker. If he does not, then the listings and purchase contracts remain. It is a violation of license law, KRS 324.160(4)(p), for the agent to attempt to get the sellers to seek releases of those contracts.

The best way to handle this situation is to obtain an employment agreement up-front. Part of

that agreement should address what will happen if the agent decides to leave the company in the future. If you do not have an agreement at the time you intend to leave, you should obtain such an agreement at that time. The principal broker can legally pay an agent who has left, but he or she is under no legal obligation to do so absent a written agreement.

VIRTUAL OFFICE WEBSITES

The Commission reviewed the newly approved concept of virtual office websites, or VOW's. A motion was made that a VOW is considered an advertisement and therefore, any listing on a VOW must have disclaimers explaining which company has the listing agreement.

Continuing Education Update

"After 25 years in the real estate business, I still learn something new in each class I take." That was one licensee's comment after taking a recent continuing education class. Continuing education (six total hours, with three in law, each calendar year) is one way to provide licensees with updates on new laws and regulations and other information which affects the industry.

Once every four years, all active licensees subject to continuing are required to complete the Kentucky Core Course. The Kentucky Core Course is a six-hour comprehensive review of the state, federal and common laws relating to real estate. When it is your year to take this course again, you will receive a courtesy notice in January and a reminder in October if you have not completed the program at that point. As new licensees come into the system, through exam or reciprocity, the database system will look at where we are in the four-year cycle and automatically assign the compliance year based on the licensee's birth date. No other continuing education or pre-license course will substitute for the Kentucky Core Course for that year.

Remember that continuing education/core course credit is only valid for the calendar year in which it is completed. Hours may not be carried forward to apply to next year's requirement or for the

reactivation of an escrowed license.

We offer these continuing education tips:

1. Check the KREC website, (www.krec.net) periodically to obtain a list of approved continuing education or Kentucky Core Course providers. You must register directly with the provider and many of them have links directly to their course schedules. The Commission does not sponsor continuing education programs.
2. Watch for new courses or topics that you have not heard in a while. Take advantage of the opportunity to refresh your memory or learn more about a new aspect of the real estate business.
3. Take classes early in the year. These classes are rarely filled to capacity. By doing so, you'll avoid the year end rush, crowded classrooms and potentially bad weather. You might choose to attend a course in another town, thus providing you with a chance to meet and network with licensees you do not know already.
4. Arrive early for class and return promptly from the breaks. Turn off all pagers and cell phones and avoid conversations with other participants during the presentation.

Providers are required to enforce the classroom management guidelines established by the Commission or they risk withdrawal of their approval to offer courses.

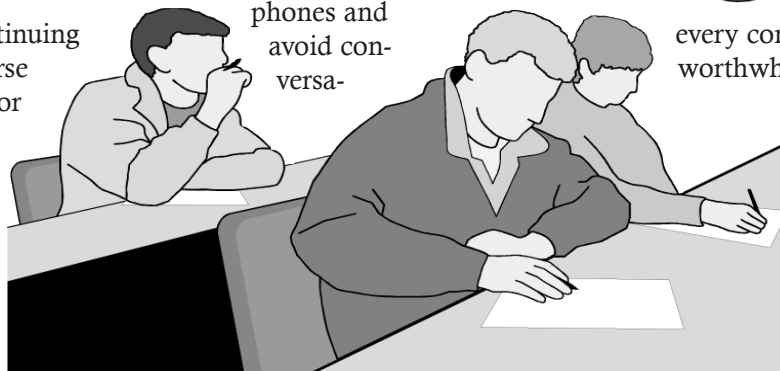
5. Give us your honest evaluation of the topic and presentation skills. Regulation 201 KAR 11:460 requires all instructors to maintain an approval rating of at least 85% in the areas of knowledge and presentation. The Commission has the authority to take corrective action if the students consistently rate an instructor too low.

Many hours of preparation go into the development and presentation of every continuing education course, from writing the course to preparing the pretests, visual aids, handouts, monitoring the class, etc. We want to know how the instructors and the providers are performing and you might be surprised to learn that the evaluations are reviewed by at least one KREC staff member. You, as the student, play an important part in this process when you provide your



evaluation. Providers, instructors, monitors and the Commission all come together to make every continuing education class a worthwhile experience. That is why your input is so valuable to our efforts.

This article was written by Education Director Linda Poliskie.



DO NOT GET CAUGHT IN THE MIDDLE OF A MORTGAGE FRAUD SCHEME

By: Lee B. Harris
General Counsel

The Commission receives numerous calls each week concerning possible mortgage fraud schemes. The Commission and other regulatory agencies need your assistance in trying to prevent and eliminate these schemes from our marketplace.

A common practice is for the mortgage broker to ask the parties to sign a separate contract, reflecting a purchase price that is higher than the actual agreed-upon price. This second contract is then submitted to the underwriters, showing an incorrect loan-to-value ratio. Then, the property has to be appraised for an inflated price. Finally, the HUD-1 closing statement reflects inaccurate amounts and those amounts are reported on the deed. This final act is a Class D felony in the State of Kentucky.

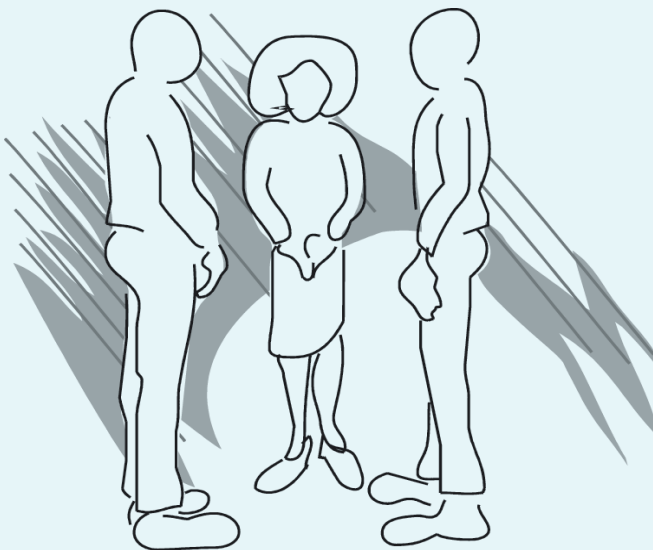
Sometimes, there is not a second contract signed but the parties agree to an inflated purchase price with the seller agreeing to a "phantom" second mortgage that will be "credited back" at the closing.

Again, the HUD-1 closing statement does not accurately reflect the monies that changed hands between the parties.

These types of schemes are

fraudulent and illegal. Anyone involved in such schemes is subject to be investigated and prosecuted by the federal government for mortgage fraud. The penalties are steep: fines and prison time. In addition, any real estate licensee who engages in such practices can be strongly disciplined by the Commission.

Often, a licensee will tell us that the mortgage company suggested it, so it cannot be illegal. Or,



they will repeat that the mortgage broker said that he or she "does it all the time." Doing something frequently does not make it legal.

There are numerous agencies you can contact when you or one of your clients is asked to do something illegal:

KY Real Estate Commission
502-425-4273 or 1-888-373-3300

Attorney General's office
502-696-5300

Kentucky Appraisers Board
859-543-8943

HUD
1-800-669-9777

Federal Bureau of Investigation
202-278-2000

Department of Financial Institutions
1-800-223-2579 or 502-573-3390

The Commission received statistics indicating that over 80% of buyers who are involved in one of these fraudulent schemes ends up being foreclosed upon. The goal is to assist buyers in purchasing a home that they can afford so they can enjoy the value of home-ownership. Assisting a buyer in obtaining a fraudulent loan with a payment that he or she cannot afford will only lead to problems for everyone involved.

Several licensees have told the Commission that their clients still want to engage in these practices, even after they have been informed that they are illegal. If your client wants to proceed with a loan that you believe to be fraudulent, run, do not walk, away from that deal and sever ties with that client.

It is important to educate yourself and your clients about the law. Only education and enforcement will eliminate this problem once and for all.

Inducement / Rebate Quiz

How well do you know the law?



Circle YES or NO to the following ten questions to test your knowledge of inducements and rebates in Kentucky.

1. Can a licensee give a client or customer a marketing coupon for a free fast-food sandwich which includes the agent's name? **YES or NO**
2. Can a licensee offer free pictures with "Santa" for the purpose of collecting names and phone numbers? **YES or NO**
3. Can a licensee run the following advertisement? "Your Home Sold in 90 Days! Guaranteed or Receive \$1,500.00." **YES or NO**
4. Can a licensee offer to treat a potential customer to dinner to discuss the licensee's fees and services? **YES or NO**
5. Can a licensee hold a give-away for a free DVD player at a fair or festival? **YES or NO**
6. Can a licensee give a television valued at \$120.00 to a client or customer AFTER closing? **YES or NO**
7. Can a licensee give a free home warranty to a client or customer? **YES or NO**
8. Is it illegal for a seller to give a buyer a refrigerator in order to close the deal? **YES or NO**
9. Can a licensee give away college basketball tickets in a raffle? **YES or NO**
10. Can an agent rebate or refund an up-front fee to a client or customer for the purpose of receiving additional business? **YES or NO**

ROTATE THIS PAGE TO SEE THE ANSWERS BELOW.

- The answer to all of the questions is **NO**.
1. A fast-food sandwich has value and it cannot be given to a client or customer prior to closing as a marketing tool.
 2. A picture with "Santa" is a thing of value and cannot be offered for the purpose of soliciting potential customers or clients.
 3. Running an advertisement that offers \$1,500.00 back to a client or customer is considered an inducement and the \$1,500.00 would be a rebate, which is illegal. It would only be legal if offered as a commission reduction.
 4. Taking a client out to dinner prior to the closing of the transaction is considered an inducement.
 5. Licensees cannot give away anything of value at a fair or festival to induce potential clients or customers. However, the Commission has ruled that licensees can give away incidental items, such as magnets or pencils.
 6. A closing gift must have a value of less than \$100.00; therefore, the television would be illegal since it is valued at \$120.00.
 7. A home warranty has a value of more than \$100.00 and would be considered an inducement.
 8. A seller can give a buyer anything he or she wishes because they are not governed by the Kentucky Real Estate Commission. However, the advertising should make it clear that the item is coming from the seller, and the seller must actually pay for the item.
 9. College basketball tickets have value and would be considered an inducement.
 10. Giving any type of rebate to a client or customer is illegal and is considered an inducement.

INDUCEMENT/REBATE QUIZ ANSWERS

INDUCEMENT SURVEY RESULTS

The Commission sent out a survey in late 2003 to all principal brokers who hold a Kentucky license. The survey listed three questions pertaining to the inducement and rebate prohibition that currently restricts Kentucky licensees from offering ANY type of inducement or rebate to a client or customer. The Commission was very pleased with the number of principal brokers who participated in the survey. For those of you who took the time to fill out our survey, we thank you.

An inducement is money, a prize, a free gift, or any other thing of value that an agent or broker would offer a potential client or customer to induce that client or customer to work with that particular agent or broker. A rebate is a

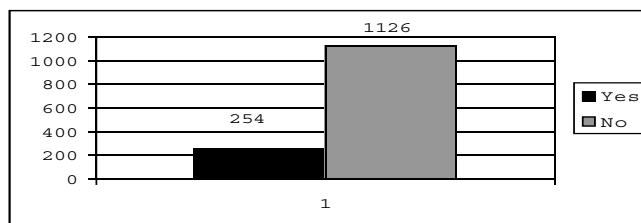
refund of monies or commissions once they have come into the agent's or broker's possession.

As you can see from the page to the left, licensees in Kentucky currently cannot even take a client or customer out to dinner. Kentucky is one of the few states that does not allow inducements or rebates. The Commission and the Kentucky Association of Realtors® are forming a task force to research and study the inducement/rebate prohibition and to compare Kentucky's laws with those of other states around the country.

The questions and results of the survey are listed below.

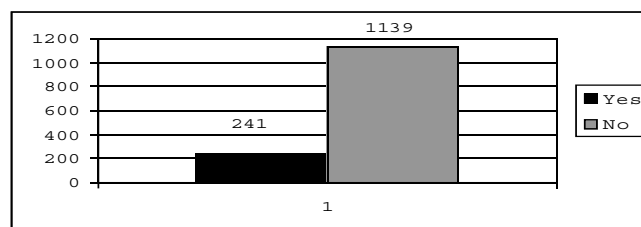
1. Are you in favor of amending Kentucky state law to allow licensed agents and brokers to offer inducements to potential clients or customers?

YES - 184 NO - 985 (Responses by Mail)
 YES - 70 NO - 141 (Responses on Website)
 TOTALS YES - 254 NO - 1126



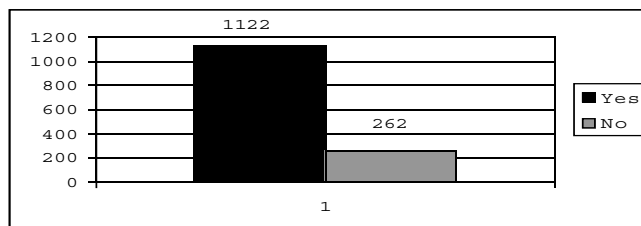
2. Are you in favor of amending Kentucky State law to allow licensed agents and brokers to offer rebates to clients or customers?

YES - 179 NO - 991 (Responses by Mail)
 YES - 62 NO - 148 (Responses on Website)
 TOTALS YES - 241 NO - 1139



3. Are you in favor of keeping Kentucky law the same, which prohibits the offering of inducements or rebates?

YES - 981 NO - 196 (Responses by Mail)
 YES - 141 NO - 66 (Responses on Website)
 TOTALS YES - 1122 NO - 262





Disciplinary Actions



Marion Adams (Louisville) Case No. 03-0049

Violation: Mr. Marion Adams stipulated that he violated KRS 324.160 (4)(v) for conduct that constitutes improper, fraudulent, or dishonest dealing. Mr. Adams failed to retrieve a key from his buyer/client and return the key to the listing agent.

Disposition: Mr. Adams agreed to complete nine (9) hours of continuing education in a Commission-approved course, in addition to any hours already required by Kentucky law. He also agreed to pay a fine in the amount of three hundred and fifty dollars (\$350.00).

Darlene Adams (Louisville) Case No. 03-0049

Violation: Ms. Adams stipulated that she violated KRS 324.160 (6) by failing to adequately supervise one of her licensees.

Disposition: Ms. Adams agreed to complete nine (9) hours of continuing education in a Commission-approved course, in addition to any hours already required by Kentucky law.

Sheila Wilson (Bowling Green) Case No. 03-0023

Violation: Ms. Wilson stipulated to a violation of KRS 324.160 (4)(g) for representing a broker other than her principal broker, without the express knowledge and consent of the principal broker with whom she was affiliated. She also obtained a new brokerage agreement with a consumer, knowing that the consumer had a written outstanding contract granting exclusive agency to her former principal broker. Ms. Wilson was not aware that when she terminated affiliation with her former principal broker that the listings were the property of that principal broker and the aforementioned violations were unin-

tentional.

Disposition: Ms. Wilson agreed to complete three (3) hours of continuing education in a Commission-approved law course, in addition to any hours already required by Kentucky law. She also agreed to complete three (3) hours of continuing education in a Commission-approved ethics course, in addition to any hours already required by Kentucky law, and to pay a fine in the amount of one thousand dollars (\$1,000.00).

James Kirk Tinsley (Bowling Green) Case No. 03-0023

Violation: Mr. Tinsley stipulated that he violated KRS 324.160 (4)(v) for conduct that constitutes improper, fraudulent, or dishonest dealing. Mr. Tinsley unintentionally signed listing agreements for an agent who was not yet affiliated with his company.

Disposition: Mr. Tinsley agreed to complete three (3) hours of continuing education in a Commission-approved law course, in addition to any hours already required by Kentucky law. He also agreed to complete three (3) hours of continuing education in a Commission-approved ethics course, in addition to any hours already required by Kentucky law, and to pay a fine in the amount of one thousand dollars (\$1,000.00).

Stephanie Gilezan (Prospect) Case No. 03-0020

Violation: Ms. Gilezan stipulated to a violation of KRS 324.160(4)(v) and (u) and KRS 324.111(4)(6) for mis-handling earnest money funds.

Disposition: Ms. Gilezan agreed to pay restitution to the complainants in the amount of two thousand five hundred dollars (\$2,500.00) and complete nine (9) hours of continuing education in a Commission-

approved law course.

Barbara B. Miranda (Prospect) Case No. 03-0020

Violation: Ms. Miranda stipulated that she violated KRS 324.160(6) for failing to adequately supervise a sales associate.

Disposition: Ms. Miranda agreed to pay a fine in the amount of one thousand dollars (\$1,000.00) and complete nine (9) hours of continuing education in a Commission-approved law course.

Cease & Desist Orders Issued to the Following: (For Unlicensed Brokerage)

Crest Properties
Louisville, Kentucky

David J. Wojciechowski
New York, New York

Rose Ann Clark
Lebanon, Kentucky

Gary Keibler
Prospect, Kentucky

Russell Daniel
Louisville, Kentucky

Alvin Osbourne
McDowell, Kentucky

Keen Consultants
Great Neck, New York

Property Managers, Owners and Agents

Are you in compliance with Federal Lead-Based Paint Laws?

Are you aware that if you disturb more than 2 square feet of painted surface in a property that was built prior to 1978, you are required by federal law to give the occupant a lead pamphlet entitled "**Protect Your Family from Lead in Your Home**"? This law went into effect on June 1, 1999 and is in addition to the 1996 federal law which requires lead-based paint disclosure.

This means that if you repair or remodel an area over 2 square feet in surface, the pamphlet must be given to the occupant(s) of that property. You must obtain a signature verifying receipt of the pamphlet or a certificate of mailing certifying that you mailed the pamphlet 7 days prior to the work being done.

If the work is being done by an outside contractor, then that outside contractor is responsible for delivery of the pamphlet. The exceptions which do not require delivery of the pamphlet are: 1) Property that has been certified as free from lead-based paint by a state certified lead-based paint inspector, 2) Zero-bedroom dwellings, 3) Housing for the elderly, and 4) Emergency renovations.

If the work being done is in a common area of multi-family housing, all tenants of the dwelling must receive the pamphlet. Records are required to be retained for three years.

The fines for non-compliance are steep and one violation of this regu-

lation carries a civil penalty of up to \$25,000.00. Federal fines have been assessed in the millions of dollars and are in addition to the civil penalties.

For more information, please logon to the EPA's website at www.epa.gov/lead. If you have specific questions and want to speak with a lead-based paint specialist, you can call 1-800-424-LEAD. To download the pamphlet and the disclosure, simply logon to www.epa.gov/lead/leadbase.htm. You can download them in English and Spanish and simply make copies of them for distribution. For a charge, you can also order color copies from the Government Printing Office at (202) 512-1800.



At a recent Kentucky Association of Realtors® Convention, the Commissioners got a chance to meet with Governor Ernie Fletcher and First Lady Glenna Fletcher

Pictured left to right:

Commissioner Ron Smith, Governor Ernie Fletcher, Commissioner Betty Kaiser, Commissioner Jerry McMahan and First Lady Glenna Fletcher

ARCHIVING FILES

Beginning February 11, 2004, the Commission began destroying files which are 15 years old or older. What does this mean? It does not affect active licensees, but individuals who have been inactive for 15 years or more and are wishing to reactivate their licenses will need to provide the Commission with proof of their education. As always, licensees should retain all records to verify their educational history.

ADVERTISING HUD LISTINGS

The Commission recently ruled that, despite HUD's policy of allowing their listings to be openly advertised, **ONLY** the listing company can legally advertise the property under Kentucky law.

April is Fair Housing Month!



All real estate companies are required to display the "Fair Housing Poster" in their offices. All licensees are required to provide a copy of the Kentucky Commission on Human Rights

(KCHR) information brochure to all buyers, sellers and tenants as a routine part of their business.

The posters can be obtained by contacting the KCHR office at 322 W. Broadway, Suite 700, Louisville, KY 40202 or by phone at 800-292-5566 or 502-595-4024.

The brochure, entitled "What Kentucky's Fair Housing Law Means" can be downloaded from the KCHR website at state.ky.us/agencies2/kchr. You may reprint copies of this document for distribution to your customers and clients.

Principal brokers should provide periodic training to their licensees on fair housing compliance issues. Remember, it is a violation of Kentucky license law {KRS 324.160 (5)} to discriminate against any of the protected classes.

The User ID and Password for accessing restricted contracts on the Commission's website:

USER ID - get

PASSWORD - forms

(all lower case)

HAVE YOU MOVED?

Did you know that if you do not notify the Commission of a change of your home address you are violating KRS 324.330(2)? Simply send us your change of address in writing either through mail, fax (502-426-2717) or through email (Louis.Carter@ky.gov). We will update your record, and you can stay abreast of correspondence coming out of our office.

Kentucky Real Estate Commission
10200 Linn Station Road, Suite 201
Louisville, KY 40223
Phone: (502) 425-4273 Fax: (502) 426-2717
Toll Free: 1-888-373-3300
Fax-On-Demand: 1-888-KREC-FAX
Web Address: www.krec.net

**PRESORTED
STANDARD
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PAID
LOUISVILLE, KY
PERMIT NO. 73**

The Kentucky Real Estate Commission will be closed on:

**April 2, 2004 (1/2 Day)
(Good Friday)
&
May 31, 2004
(Memorial Day)**